

## ***E-Z Reimburse Guidelines***

There are substantiation requirements with the EZ Reimburse (stored value) card that must be enforced for the program to comply with IRS regulations. Employees can use the card and have full access to their medical account balance at the point of service. However, every claim must be validated as an expense eligible for reimbursement under the program. (Note: The requirement to validate an expense as eligible for reimbursement is the same whether the participant has used a stored value card or filed a paper claim directly with the vendor.)

You may validate a claim expense for the *EZ-REIMBURSE* card in the following ways:

- **Known Copayment** – the employee health plan copayment amounts are on file with the vendor. The charge may be automatically approved if the card is used with a provider that has a healthcare merchant code, , such as a doctor or hospital, and the charge is exactly equal to the copayment amounts. No additional documentation or receipts are required..
- **Inventory Information Approval System (IIAS)** – Non-health care merchants, such as grocery and drug stores, use a system, IIAS, which will automatically validate the expense as a qualifying over-the-counter drug or supply. No additional documentation is required.
- **“After-the-Fact” Validation** – the employee can use the EZ Reimburse card for eligible medical expenses, then submit the documentation to the vendor to confirm the use of the card for an expense eligible for reimbursement under the program.

In 2006, the IRS provided for a transition period to allow merchants without a health-care merchant code, such as the grocery and discount stores, to be treated as medical care providers until December 31, 2007. After that date, these merchants were required to have an inventory information approval system (IIAS) in place in order for the card to be used.

The IRS also requires all stores with a drug store and pharmacy merchant code to use an IIAS after December 31, 2008. During the transition period, any transactions at these merchants using the EZ Reimburse stored value card would require “after-the-fact” validation.

If an employee fails to provide the required “after-the-fact” validation, the plan must:

- **De-activate the card.** While the card may not be used, the employee can still submit paper claims for reimbursement during this time;
- **Request re-payment** of the expense by the employee with a personal check;
- **Reduce eligible claim reimbursements** by the amount of the card transaction(s); and finally
- **Reclassify** the improper payment as income to the employee.

More information may be found on the Department of Treasury Web site at <http://www.treas.gov/press/releases/reports/section125.pdf> .